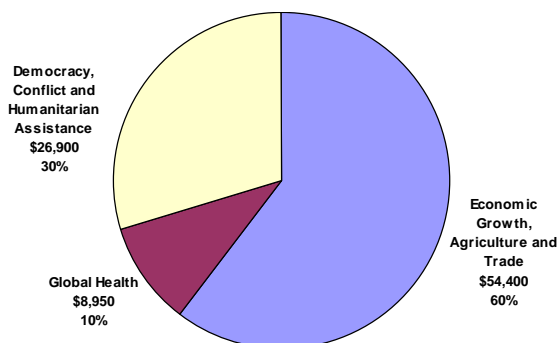
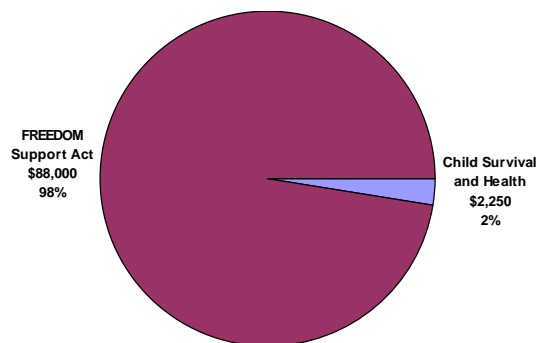


# Ukraine

**FY 2006 Assistance by Sector**



**FY 2006 Assistance by Account**



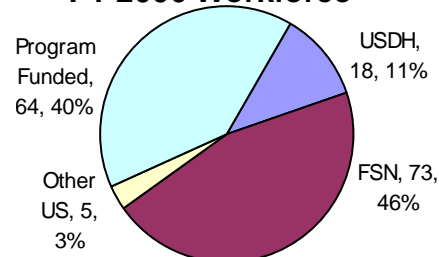
## Objectives and Budget

Objective	SO Number	FY 2004	FY 2005	FY 2006
Small and Medium Enterprise and Agriculture	121-0132	16,349	12,320	11,470
Improved Investment Climate	121-0141	4,991	3,230	1,600
Strengthening Citizen Participation	121-0213	18,595	10,150	11,450
Good Governance	121-0224	7,717	6,930	7,300
Social Protection and Health	121-0325	10,475	5,704	7,300
HIV/AIDS Prevention and Care	121-0328	3,392	3,724	4,250
Special Initiatives	121-0410	8,000		
Environment	121-0416	374		
Program Support Initiatives	121-0427	2,280	1,950	3,500
Transfers		26,900	37,190	43,380
<b>Total (in thousands of dollars)</b>		<b>99,073</b>	<b>81,198</b>	<b>90,250</b>

## Administrative Expenses and Workforce

Administrative Expenses	FY 2004	FY 2005	FY 2006
<b>Mission Allocation</b>	6,127	5,350	5,480
<b>USDH Salaries &amp; Benefits</b>	2,489	2,359	2,410
<b>Program Funds</b>	2,896	2,909	2,909
<b>Total (in thousands of dollars)</b>	<b>11,512</b>	<b>10,618</b>	<b>10,799</b>

**FY 2006 Workforce**



**Mission Director:** Chris Crowley

**The Development Challenge:** One of the most pivotal elections in Eastern Europe since the fall of the Soviet Union, the Ukrainian presidential election showed a civil society constitutionally and peacefully insisting that its voices be heard. Civil society support, effective advocacy, development of independent media, democratic institutions, and legal frameworks to protect voters' rights and civil liberties, combined to empower local citizens to speak out against violations of democratic norms. Prior to the election of its new government, Ukraine had still made little progress in realizing second-stage economic reforms, which focus on building stable, market-based institutions. This is particularly true, for example, in the case of building a financial sector critical to the long-term sustainability and growth of a free-market economy. Despite major progress associated with the introduction of risk-based bank supervision, the financial sector regulatory bodies remain inexperienced and weak with an inadequate legal and regulatory framework. As a consequence, the financial sector and its institutions are still woefully inadequate to support broad economic growth.

Promising signs of political reform and empowerment among elected local governments were becoming evident at the end of the calendar year, but weak political accountability, unequal law enforcement and tightly controlled media have continued to restrain Ukraine's democratic development. In 2004, the Government of Ukraine's (GOU) economic policies became increasingly nontransparent and focused on short-term fixes, which contributed to the growing budget deficit, inflation (up to 12%), and price instability in food, gasoline, and financial markets. Benefiting from accelerated economic growth, resumed large privatization, and an improved international credit rating, the GOU continued to provide huge subsidies to loss-making enterprises, invest in nuclear stations and transport infrastructure, and increase pensions and public sector salaries. At the same time, the GOU made little progress in removing impediments to sustainable economic growth, such as eliminating tax privileges, strengthening budget discipline, improving intergovernmental transfers, and reducing value added tax arrears. Not surprisingly, the International Monetary Fund (IMF) and the World Bank (WB) have not resumed cooperation with Ukraine as planned.

In the education, basic services, and health sectors, weak government policies, corruption, and outdated management practices continue to hinder the state's ability to provide adequate services and protect vulnerable populations. While the GOU began to implement pension reforms, which expanded pension investment opportunities for current employees, it did little to advance modern practices in health, education, and social security. Almost 30% of Ukraine's population still lives below the poverty line. Economic hardships contribute to low birth and life expectancy rates. HIV/AIDS, tuberculosis (TB), and other infectious diseases have been increasing at an alarming rate. High rates of alcoholism and substance abuse, domestic violence, suicides, prostitution and human trafficking are serious concerns, as are the vulnerabilities of children and youth who live on the streets, in institutions, or in dysfunctional families. The social care system continues to be characterized by low staff morale, obsolete equipment, and ineffective practices.

In 2004, the Ukrainian economy recuperated and attracted new investments. By the end of September, the gross domestic product (GDP) growth rate exceeded 13%; foreign direct investments (FDI) increased by 15% and positive trade balance reached 15%. However, private sector development is still characterized by onerous business barriers, including: heavy dependence on several basic industries (transport, metals, utilities, coal production), and an agricultural sector still heavily dependent on government subsidies; sizeable arrears (up to 25% of accounts payable); and disproportionate investments in real estate. Huge capital outflows and accumulation of the most expensive industrial, commercial and financial assets in the hands of several politically powerful Ukrainian and Russian clans crowd out many small and medium enterprises (SMEs) and strangle the competitiveness of Ukraine's economy. Without structural reforms, improved transparency, rule of law and governance, the Ukrainian economy will remain unattractive to international investors.

Coverage by the Directly Observed Treatment Short Course (DOTS) strategy for TB control in the pilot region of Donetsk increased from 80 to 100%, reaching a population of 5 million, or 10% of the country. USAID trained more than 3,300 Ukrainian specialists nationwide in laboratory diagnosis, treatment, surveillance, and monitoring practices. Despite improved TB case management and a continuous supply

of TB drugs in Donetsk, the TB treatment success rate decreased from 70% of patients in FY 2003 to 68% currently. This decrease was due to continued high levels of multi-drug resistant TB, difficulty in treating HIV/TB co-infected patients, and lack of follow-up care. While the global goal of curing 85% of new TB patients has been acknowledged, Ukraine must lay the foundation for the National DOTS program in ensure cure rates of at least 70% of new patients.

USAID helped the GOU to launch a new three-tier pension system in January 2004 for some 14 million pensioners, which amounted to 30% of the population, or nearly 40% of all voters. The large and growing population of pensioners is supported by only 16 million workers. The average old-age benefit increased by 30% in FY04, from 146 to 190 hryvnya, and for the first time reached two-thirds of the poverty level for the elderly.

**The USAID Program:** In spite of macro-economic advancements, the country will remain critical to U.S. foreign policy due to its strategic position and importance for regional stability. In 2004, USAID programs aimed to increase citizens' participation in elections and to improve democratic governance by strengthening government institutions and various civil society organizations (CSOs). USAID's Parliamentary Strengthening project improves legislative and executive branch relations and institutionalizes democratic practices. USAID's civil society project, UCAN, is now supporting hundreds of NGOs and CSOs in Ukraine, providing advocacy training, organizational strengthening, and civic education services.

In response to Ukraine's HIV/AIDS epidemic, USAID has designed and recently awarded a range of projects to reduce the HIV/AIDS transmission rate and the stigma and discrimination associated with the disease. Prevention and control of Ukraine's TB epidemic is also a priority for USAID's social sector, as are policy and clinical interventions to reduce high abortion rates and maternal mortality.

Finally, to improve the investment climate and accelerate the growth of SMEs and agriculture, USAID is supporting Ukraine's accession to the World Trade Organization, promoting risk-based bank supervision, drafting and advocating for leasing legislation, and developing a broad and stable financial sector. Modern accounting practices, expanded access to bank finance, contemporary agricultural technologies and marketing practices, sponsored land titles, and providing legal assistance and training to SMEs are also key aspects of USAID's economic growth strategy for Ukraine.

**Other Program Elements:** USAID receives support for mother-to-child transmission of HIV/AIDS and will receive Washington matching funds for the new HIV/AIDS strategic objective. Other health program support is provided through a World Health Organization grant for TB control and the policy project for reproductive health. USAID/Ukraine has a buy-in for the Eurasia Foundation economics education program and small research grants and is starting a public-private sector alliance (GDA) with USAID/Washington to implement certified international accounting practices.

**Other Donors:** The largest donor is the European Bank for Reconstruction and Development, with a portfolio in agribusiness, financial sector, energy sector, transport and telecommunications. The World Bank supports programs in public finance, energy and utilities, rural development, health and social protection. The United Nations Development Program provides assistance in governance, poverty reduction, health and environment protection, education and human security. The European Union supports legal and administrative reform, civil society development, SME development, housing and municipal services, energy sector reform, health and social security. The United Kingdom provides assistance in governance, economic integration, social protection, and democracy building. Canada assists in governance and civil society; Sweden, in natural resource management, public administration, infrastructure and urban development, democracy building; and Germany in economic and social research.

## Ukraine PROGRAM SUMMARY

(in thousands of dollars)

Accounts	FY 2003 Actual	FY 2004 Actual	FY 2005 Current	FY 2006 Request
Child Survival and Health Programs Fund	1,750	1,750	2,198	2,250
FREEDOM Support Act	140,000	97,323	79,000	88,000
<b>Total Program Funds</b>	<b>141,750</b>	<b>99,073</b>	<b>81,198</b>	<b>90,250</b>

STRATEGIC OBJECTIVE SUMMARY				
121-0132 Small and Medium Enterprise and Agriculture				
FSA	21,835	16,349	12,320	11,470
121-0141 Improved Investment Climate				
FSA	9,370	4,991	3,230	1,600
121-0213 Strengthening Citizen Participation				
FSA	16,299	18,595	10,150	11,450
121-0224 Good Governance				
FSA	8,254	7,717	6,930	7,300
121-0325 Social Protection and Health				
CSH	1,750	1,750	0	0
FSA	11,632	8,725	5,704	7,300
121-0328 HIV/AIDS Prevention and Care				
CSH	0	0	2,198	2,250
FSA	0	3,392	1,526	2,000
121-0410 Special Initiatives				
FSA	9,935	8,000	0	0
121-0416 Environment				
FSA	935	374	0	0
121-0427 Program Support Initiatives				
FSA	6,071	2,280	1,950	3,500
TRANSFER				
FSA	55,669	26,900	37,190	43,380

Mission Director,  
Chris Crowley

## Data Sheet

<b>USAID Mission:</b>	Ukraine
<b>Program Title:</b>	Small and Medium Enterprise and Agriculture
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	121-0132
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$12,320,000 FSA
<b>Prior Year Unobligated:</b>	\$38,000 DCA; \$856,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$11,470,000 FSA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID's program to accelerate small and medium enterprise (SME) and agriculture includes training and technical assistance to: 1) improve the competitiveness of SME and agriculture; 2) increase access to land and credit; and 3) create the legal and regulatory environment to support and sustain competitive markets, trade, and investment.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Improve Private Sector Growth (\$2,101,000 FSA). USAID's BIZPRO project will focus on increasing competitiveness in rapidly expanding SME sectors to increase SME GDP and SME employment by providing training and consultation to competitive business sectors. In 2005, the portion of GDP attributable to SMEs and SME employment will increase approximately 6% to USAID assistance. The Agricultural Marketing Project (AMP) will focus on commercial farming and increasing access to profitable markets through post-harvest technologies.

Strengthen the Financial Sector's Contribution to Economic Growth (\$4,682,000 FSA, \$491,000 FSA carryover, \$38,000 DCA carryover). The Access to Credit project (ATC) will begin to mobilize credit for small and medium businesses, prospective homeowners, farmers, and municipalities. The results expected are: 1) a certified mortgage lending program to five banks; 2) placement of a mortgage-backed security; 3) establishment of a national credit bureau; 4) placement of at least one pilot municipal bond; 5) provision of certified leasing courses for leasing companies and banks. USAID will also transfer funds to Development Credit Authority (DCA) to support the Access to Credit program. DCA will guarantee up to 50% of primary loans with a term of 7-10 years for mortgage-backed bonds (\$6 million) and municipal bonds (\$10 million) for municipal services (e.g., water, sewage and district heating).

West/NIS Enterprise Fund will sell its interest in the SBK brick factory valued at \$13.5 million, yielding the fund an internal rate of return of 22.5%. The fund will transform its mortgage lending program into the International Mortgage Bank. USAID will support the growth in the credit portfolio of partner banks to reach small clients and farmers unable to offer the required collateral to the majority of commercial banks. Principal contractors/grantees: Development Alternatives International; Land O'Lakes, Pragma Corporation, West/NIS Enterprise Fund, and ProCredit Bank, Nadra Bank, and UkrSibBank (all prime).

Improve Economic Policy and Governance (\$1,500,000 FSA, \$365,000 FSA carryover). USAID will develop seven agricultural reform policy proposals for the incoming government. These proposals will set the stage for a new agricultural policy activity in 2005 to remove administrative control of agricultural markets, and to provide the public with information about issues such as WTO accession. USAID's new agricultural policy project, which is contingent upon the Government of Ukraine (GOU) commitment to agricultural market reform, will assist the GOU to adopt legislative measures that remove administrative control of agricultural markets and strengthen agricultural associations to replace government regulatory functions with Self-Regulating Organizations. The new agricultural policy project will contribute to: 1) a 20% annual increase in investment in Ukraine's agricultural production and processing sector; 2) 10% annual growth in agricultural exports; 3) 7% annual growth in rural incomes; and 4) privatization of government agricultural enterprises. Principal contractors/grantees: to be determined (TBD).

Improve Agricultural Productivity (\$1,887,000 FSA). The Ukraine Land Titling Initiative (ULTI) will expand its legal assistance program nationally to complete remaining land titles, and to enact a legal and regulatory framework to support a land market. The project will provide an additional 250,000 land titles and increase the number of Oblast Legal Aid Centers by 15 to help ensure completion of agricultural land privatization in Ukraine. The Agricultural Marketing Project (AMP) will continue to increase agricultural productivity through its market development program. Principal contractors: Chemonics International and Land O'Lakes (all prime).

Improve Institutions of Higher Education (\$2,150,000 FSA). Business Management Education (BME) project will continue improving the quality of MBA and PDS programs to improve and advance towards sustainability. Principal grantee: University of Minnesota (prime).

**FY 2006 Program:** Improve Private Sector Growth (\$1,751,000 FSA). The Agricultural Marketing Project will expand domestic and export markets, and create a self-sustaining national market information system for agricultural prices and technical information. USAID will launch a new SME development project that will focus on competitive business sectors to: 1) increase SME enterprises' access to new markets; 2) help Ukrainian products meet industry-specific standards and certification; 3) locate U.S. business partners; 4) establish industry trade associations to lobby local and regional governments on specific industry issues; and 5) reduce legal and regulatory barriers to trade and investment. Principal contractors: Chemonics International, Land O'Lakes (all prime).

Strengthen the Financial Sector's Contribution to Economic Growth: (\$6,350,000 FSA). USAID will transfer \$2,100,000 to DCA to improve the financial sector. USAID will assist Ukraine's banking sector to establish a certified mortgage lending program expanded to at least 30 banks. The West/NIS Enterprise fund will receive its final obligation. Implementers are the same as above.

Improve Economic Policy and Governance (\$1,369,000 FSA). USAID will complete the major policy initiatives in government administrative reform to enable the GOU to assist agricultural market development and strengthening public input into policy development. By 2006, the CIPA program for international accounting reform for training, examination and certification will be commercially sustainable. Implementers are the same as above.

Improve Agricultural Productivity (\$2,000,000 FSA). AMP will continue to expand Ukraine's market share of food products in international markets. Under its commercial farming component, AMP will continue to provide small- and medium-sized farmers with farm management and marketing training, technical assistance in implementing new/improved production practices, and market information services to increase their net income. Implementers are the same as above.

**Performance and Results:** USAID's current program provides approximately \$10 of economic benefits for every dollar spent, on average. The programs with the greatest cost-benefit ratios are the Agricultural Policy Project, which has a cost-benefit ratio of \$867, and the Grain Warehouse Receipts program, which has a ratio of \$267.

## US Financing in Thousands of Dollars

**Ukraine**

121-0132 Small and Medium Enterprise and Agriculture	<b>DCA</b>	<b>FSA</b>
<b>Through September 30, 2003</b>		
Obligations	0	20,837
Expenditures	0	9,342
Unliquidated	0	11,495
<b>Fiscal Year 2004</b>		
Obligations	155	29,100
Expenditures	0	11,931
<b>Through September 30, 2004</b>		
Obligations	155	49,937
Expenditures	0	21,273
Unliquidated	155	28,664
<b>Prior Year Unobligated Funds</b>		
Obligations	38	856
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	12,320
<b>Total Planned Fiscal Year 2005</b>		
Obligations	38	13,176
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	11,470
Future Obligations	0	0
Est. Total Cost	193	74,583

## Data Sheet

<b>USAID Mission:</b>	Ukraine
<b>Program Title:</b>	Improved Investment Climate
<b>Pillar:</b>	Economic Growth, Agriculture and Trade
<b>Strategic Objective:</b>	121-0141
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$3,230,000 FSA
<b>Prior Year Unobligated:</b>	\$70,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$1,600,000 FSA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID supports steps to improve Ukraine's investment climate through: 1) a financial sector that mobilizes resources for investment in an environment of transparency and accountability and 2) integration into the global trading system. Currently, USAID's program to improve the investment climate includes technical assistance to improve commercial legislation, support accession to the World Trade Organization (WTO), and implement international accounting practices at the enterprise level. In the future, USAID will focus its economic assistance in the following priority areas: improved financial sector regulation; better integration into the world economy; a more transparent commercial legal system, and better national fiscal and energy policies.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Strengthen the Financial Sector's Contribution to Economic Growth (\$3,230,000 FSA, \$70,000 FSA carryover). USAID will continue to strengthen the legal and regulatory environment for doing business in Ukraine through its Commercial Law Resource Center (CLC). The CLC will provide technical assistance and training to the Government of Ukraine (GOU) on a range of commercial legal subjects. It will work to ensure that the regressive Economic Code is repealed or brought into conformity with the Civil Code. The project will work to improve the system for judicial enforcement by simplifying procedures, introducing international best practices, and training judges and state enforcement officials to improve the investment environment. CLC assistance will provide for improvement in the legal/judicial environment and will have a direct positive impact on that aspect of the business climate that most concerns potential investors. As a result, Ukraine will experience a more rapid rise of foreign direct investment, which is currently very low. Principal contractor: to be determined (TBD).

The Accounting Reform project will: 1) provide support for development of a new professional association with membership based on Certified International Professional Accountants (CIPA) examinations; 2) continue CIPA training, examination and certification of enterprise accountants; 3) recruit business schools and MBA programs to participate in CIPA exams; 4) work with the Ministry of Finance on reconciliation of tax and financial accounting; 5) work with financial sector regulators to amend the accounting law to adopt International Financial Reporting Standards; and 6) establish the CIPA Institute Ukraine to act as the local representative office of the examination network based in Moscow. By the end of 2005, there will be 2,000 CAPs and 200 CIPAs preparing financial statements that are transparent and comprehensible. Ukrainian enterprises will be able to attract foreign investors and access credit through commercial banks and capital markets. Those companies, which have CIPAs as Chief Accountants and Chief Operating Officers, will be better qualified to manage their businesses for greater productivity and profitability. Principal contractor: TBD.

USAID will launch a new Financial Sector/Pension System Development Project (FS/PSD), which will reduce the risks and administrative costs of the new pension system through development of a more balanced and secure financial market. As a result of this project, Ukrainian businesses will obtain more efficient and secure access to capital, and Ukrainian citizens will have more confidence in their pension system. Principal contractor: TBD.

**FY 2006 Program:** Strengthen the Financial Sector's Contribution to Economic Growth (\$1,600,000



FSA). The Commercial Law Center will facilitate drafting, adoption and enforcement of laws in such areas as property ownership, bankruptcy, competition law, and capital markets. The FS/PSD project will: 1) build the capacity of the financial sector regulators to protect investors and improve capital markets; 2) develop the second-tier (mandatory contribution) private pension system to protect retirement funds; and, 3) establish financial instruments that allow diversification of portfolio funds. The Accounting Reform project will support the new professional association and the CIPA program. Principal contractor: TBD.

**Performance and Results:** USAID's economic growth projects offered results in 2004 that contribute to an improved investment environment in Ukraine. A new mortgage law came into effect in January, leading to \$450 million in new mortgage loans. GOU sanitary and phytosanitary regimes were brought into compliance with WTO requirements, greatly increasing the likelihood of accession in 2005; a Working Party meeting in November 2004 was Ukraine's most productive to date. The American Institute of Certified Professional Accountants and the International Accounting Standards Committee Foundation partnered with USAID in the CIPA Global Development Alliance to give the CIPA certification greater international credibility and added value to Ukraine's enterprise accountants. The National Bank of Ukraine adopted "risk-based" supervision as recommended by the Basel accords, thereby improving the overall soundness of the banking system and increasing investors' confidence (As a result, personal bank deposits have increased by 40% through October 2004). The Overseas Private Investment Corporation made two loans valued at \$40 million to the International Mortgage Bank and the ProCredit Bank as a result of a USAID evaluation of the commercial banking sector and USAID's technical assistance in mortgage lending.

## US Financing in Thousands of Dollars

**Ukraine**

121-0141 Improved Investment Climate	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	9,110
Expenditures	1,029
Unliquidated	8,081
<b>Fiscal Year 2004</b>	
Obligations	5,179
Expenditures	6,308
<b>Through September 30, 2004</b>	
Obligations	14,289
Expenditures	7,337
Unliquidated	6,952
<b>Prior Year Unobligated Funds</b>	
Obligations	70
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	3,230
<b>Total Planned Fiscal Year 2005</b>	
Obligations	3,300
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	1,600
Future Obligations	0
Est. Total Cost	19,189

## Data Sheet

<b>USAID Mission:</b>	Ukraine
<b>Program Title:</b>	Strengthening Citizen Participation
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	121-0213
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$10,150,000 FSA
<b>Prior Year Unobligated:</b>	\$3,024,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$11,450,000 FSA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID's programs aim to advance the growth of democracy and good governance through focused assistance in four main areas: establishing and ensuring media freedom and freedom of information; strengthening civil society; supporting democratic political parties; and promoting and supporting free and fair elections.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Establish and Ensure Media Freedom and Freedom of Information (\$4,026,000 FSA). The Strengthening of Independent Media (U-Media) Program will support an improved legal and regulatory environment; facilitate legal aid for journalists; provide training of regional broadcast and print media; and support sustainability of regional media outlets. Through the Ukrainian Reform Education Program (UREP), USAID will increase citizen understanding of key reform issues through the broadcast of more than 200 TV and radio programs, the production of brochures, as well as monthly publications. Principal contractors/grantees: Internews Network, Center for Ukrainian Reform Education (CURE) (all prime).

Strengthen Civil Society (\$4,491,000 FSA, \$139,000 FSA carryover). USAID will continue to broaden and deepen its civil society development activities in areas of advocacy and legislative change, organizational strengthening, financial viability, and outreach. The Ukrainian Civic Action Network will increase the number of advocacy partner grantees to generate a critical mass, turning the third sector into a sizable, viable, integrated, and permanent part of Ukrainian society. A new tier of follow-on grants and advanced training will deepen the impact among NGOs. Outreach activities will focus on changing the way non-governmental organizations (NGOs) are perceived by the public, government and the business community. The Eurasia Foundation will provide grants to NGOs in the areas of social enterprise, corporate philanthropy, and regional independent media. Principal contractors/grantees: UCAN, Eurasia Foundation (all prime).

Support Democratic Political Parties (\$780,000 FSA). Activities will include training political parties on sound platform development and party poll watching. USAID's partners will provide technical assistance to the Committee of Voters of Ukraine (CVU) to improve its election monitoring and organizational capacity. They will also conduct a series of coalition building trainings, gathering party leaders from three different political blocks to promote cooperation across party lines. Principal contractors/grantees: International Republican Institute (IRI), National Democratic Institute (NDI) (all prime).

Promote and Support Free and Fair Elections (\$853,000 FSA, \$2,885,000 FSA carryover). Activities will include assistance to improve the legislative framework and enforcement thereof. In anticipation of the 2006 Parliamentary election, the project will work to update voter lists, enfranchising as many citizens as possible. Citizen education activities will capitalize on the benefits of transparency and civic participation elucidated by the problems associated with the run-off election. Technical assistance with the administration of local and by-elections as well as support for oversight activities on Election Day will enjoy high priority. Principal contractors/grantees: Freedom House, Development Associates Inc. (DAI) (all prime).

**FY 2006 Program:** Establish and Ensure Media Freedom and Freedom of Information (\$4,473,000 FSA). The U-Media program will support an improved legal and regulatory environment, facilitate legal aid for journalists, provide training of regional broadcast and print media, and support sustainability of regional media. Through the UREP program, USAID will increase citizen understanding of reform issues by funding the broadcast of more than 200 TV and radio programs and production of diverse publications. Voter education will again become a priority during the run-up to the 2006 Parliamentary election. Principal grantees: Internews Network, and CURE (all prime).

Strengthen Civil Society (\$3,600,000 FSA). USAID's work with civil society will continue to respond to the needs and initiatives of Ukrainian citizens through grants, training, and events. UCAN will work to further strengthen NGOs to achieve significant results in increasing citizen participation. The Eurasia Foundation will continue to apply an integrated approach to programming through grants, evaluations and assessments, training and consulting, publications, and high-profile events in the areas of social enterprise, regional independent media, and rural development. Principal grantees: UCAN, Eurasia Foundation (all prime).

Support Democratic Political Parties (\$2,008,000 FSA). USAID plans to continue implementation of activities to strengthen political parties and increase multiparty competition. USAID will continue providing training to political parties and civic organizations to engage in issues-oriented debates and platform-building, to increase women's political party participation and ability to run for office, and to strengthen planning and organization of parties in anticipation of the 2006 Parliamentary elections. Principal grantees: IRI, NDI (all prime).

Promote and Support Free and Fair Elections (\$1,369,000 FSA). USAID will devote significant resources to facilitating even application and consistent enforcement of the provisions of the laws governing the parliamentary elections. Partners will: provide training for election commissioners, lawyers, and judges; conduct voter education activities on civic rights; conduct voter awareness programs to enable voters to make informed choices; and carry out civic oversight programs on election day. Principal grantees: Freedom House, DAI (all prime).

**Performance and Results:** USAID's activities achieved the following results in 2004: 1) an increase in public awareness of reform issues among Ukrainian citizens from 46.13% in 2003 to 48.65% in 2004; 2) an increase in civil society capacity and sustainability as measured by the 2004 NGO Sustainability Index (from 3.9 to 3.8 in 2004); 3) improved coalition-building among various political factions (the formation of the Power of the People coalition; the creation of the People's President grouping of disparate non-parliamentary parties); 4) an improved electoral framework including legislation governing local, parliamentary, and presidential elections; 5) the establishment of a network of nationwide organizations and coalitions that launched a massive voter education campaign; and 6) the launching of a nationwide voter education campaign to provide citizens with balanced and accurate information through literally thousands of public service announcements.

By program completion, USAID expects that some political parties will improve their capacity to include the views and perspectives of citizens in their policy positions; public policy will receive broader public hearing; pressure to reduce corruption and improve accountability will intensify; professionalism of an independent media will be strengthened; citizens will have a better understanding of reform issues; free speech activists will grow their advocacy campaign tactics; and Ukraine will have put in place a fairer and more credible electoral system.

## US Financing in Thousands of Dollars

**Ukraine**

121-0213 Strengthening Citizen Participation	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	8,236
Expenditures	1,333
Unliquidated	6,903
<b>Fiscal Year 2004</b>	
Obligations	23,635
Expenditures	14,368
<b>Through September 30, 2004</b>	
Obligations	31,871
Expenditures	15,701
Unliquidated	16,170
<b>Prior Year Unobligated Funds</b>	
Obligations	3,024
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	10,150
<b>Total Planned Fiscal Year 2005</b>	
Obligations	13,174
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	11,450
Future Obligations	0
Est. Total Cost	56,495

## Data Sheet

<b>USAID Mission:</b>	Ukraine
<b>Program Title:</b>	Good Governance
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	121-0224
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$6,930,000 FSA
<b>Prior Year Unobligated:</b>	\$3,437,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$7,300,000 FSA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** This USAID program promotes assistance aimed at: supporting autonomous and responsive local self-governance; a more effective, independent, and representative legislature; and adherence to the rule of law.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Support Democratic Local Government and Decentralization (\$5,230,000 FSA, \$2,950,000 FSA carryover). USAID plans to make a three-year grant directly to the Association of Ukrainian Cities to increase the scope and content of professional training to municipal officials, and the capacity to develop and implement legislation at the national level to promote local government fiscal and political autonomy. Principal grantee: U.S.-Ukraine Foundation (prime).

USAID has launched a comprehensive five-year program of Local Economic Development (LED), which will directly impact 50 participating cities and indirectly benefit hundreds more through dissemination of LED Best Practices. The project will establish an enabling environment in municipalities to nurture the growth of business activity, employment income, and local tax base. Principal contractor: Chemonics International (prime).

USAID will continue its assistance to critical communal water services, waste water management, and district heating systems. Over the next two years, 40 communal service enterprises will receive technical assistance in strategic planning, accounting, rate setting, and citizen participation. Principal grantee: Planning and Development Collaborative International (all prime).

A new three-year Municipal Budget Reform project will provide intensive technical assistance to 130 cities in developing and implementing performance based annual budget programs. Participating cities will learn to apply critical analysis in budget preparation, the use of institutionalized citizen participation, multi-year financial planning, and capital budgeting. Principal contractor: to be determined (TBD).

USAID will begin its sixth year of support to five Regional Training Centers (RTCs) that serve the needs of local government officials. Principal grantee: U.S.-Ukraine Foundation (prime).

Strengthen Democratic National Governance Institutions (\$1,700,000 FSA). USAID's Parliamentary Development Program will continue working towards three objectives: more effective, democratic internal management systems in Parliament; improved legislative-executive relations; and increased access/feedback of citizens to the legislative process. PDP will prepare manuals and conduct training sessions that will cover important areas of the legislative process. Principal grantee: Indiana University (prime).

Improve Justice Sector/Legal Framework (\$487,000 FSA carryover). USAID will continue to support network of legal advocacy centers, legal education for lawyers and judges, support for student legal clinics, and independent judicial associations. Principal grantee: American Bar Association/Central and Eastern Europe Legal Initiative (prime).

**FY 2006 Program:** Support Democratic Local Government and Decentralization (\$5,205,000 FSA). USAID believes that the success of the local government program in recent years has been based upon a balanced offering of technical assistance in three subject areas: municipal association building that unites cities into a powerful national political force, which contributes to legislative advocacy; broad based city management skills improvement, which incorporates citizen participation in transparent municipal decision making; and, visible improvement in the supply and quality of basic municipal services, such as water, district heating, and transportation. USAID anticipates transferring \$1,500,000 FSA to Development Credit Authority (DCA) to establish a Municipal Development Credit Authority to provide \$30,000,000 in loans through commercial banks to communal service enterprises. USAID will continue to support five Regional Training Centers that serve the needs of local government officials. Principal grantee: U.S.-Ukraine Foundation (prime).

Strengthen Democratic National Governance Institutions (\$2,000,000 FSA). USAID's Parliamentary Development Program will continue working in three areas: more effective and democratic internal management systems in Parliament; improved legislative-executive relations; and increased access and feedback of citizens to legislative process. Principal grantee: Indiana University (prime).

Improve Justice Sector/Legal Framework (\$95,000 FSA). USAID will continue to support its network of legal advocacy centers, legal education for lawyers and judges, assistance to the court administration system, support for student legal clinics, and independent judicial associations, as well as providing targeted assistance as opportunities arise to institutions of governance with a legal/judicial focus. Implementing partners is ABA/CEELI (prime). Principal grantee: TBD.

**Performance and Results:** The Budget Code has been amended to provide formula based budget transfers from the Government of Ukraine (GOU) to all 450 cities. An AUC-backed law on defining municipal property rights was finally enacted and signed by the President after being vetoed twice. A law providing special GOU support to 300 small villages was enacted. Some 75% of those cities served by the Communal Services project have already improved service duration and quality, set tariff rates at or near full cost recovery and made at least one capital improvement to a major system. AUC remains self-sufficient financially, and the membership has agreed to a doubling of member dues to better support the 25 regional offices.

With respect to the Parliament, activities in FY 2004 achieved the following: 1) increased efficiency and transparency in the legislative process through improved institutionalization of committee hearings and by providing greater access to such hearings (60 hearings open to the public were held during FY 2004); 2) Parliamentary approval of a Strategic Information Plan, which international experts, including USAID-supported experts, helped prepare; 3) increased transparency of Parliament through approval of regulations that enabled greater public access to the institution; 4) development of common approaches to legislative drafting; and 5) passage of key pieces of legislation, reflecting a strengthened and more effective legislative branch. In the judicial sector, FY04 activities achieved the following: 1) increased availability of legal counsel; 2) an increase in levels of election-related legal services; and 3) launch of a voter education campaign, focusing on legal aspects of voting.

## US Financing in Thousands of Dollars

**Ukraine**

121-0224 Good Governance	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	4,071
Expenditures	257
Unliquidated	3,814
<b>Fiscal Year 2004</b>	
Obligations	8,606
Expenditures	5,510
<b>Through September 30, 2004</b>	
Obligations	12,677
Expenditures	5,767
Unliquidated	6,910
<b>Prior Year Unobligated Funds</b>	
Obligations	3,437
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	6,930
<b>Total Planned Fiscal Year 2005</b>	
Obligations	10,367
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	7,300
Future Obligations	0
Est. Total Cost	30,344



## Data Sheet

<b>USAID Mission:</b>	Ukraine
<b>Program Title:</b>	Social Protection and Health
<b>Pillar:</b>	Global Health
<b>Strategic Objective:</b>	121-0325
<b>Status:</b>	Continuing
<b>Planned FY 2005 Obligation:</b>	\$5,704,000 FSA
<b>Prior Year Unobligated:</b>	\$2,101,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$7,300,000 FSA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** This Strategic Objective addresses critical health and social needs. The health sector priorities are: 1) to prevent and control tuberculosis, and 2) to reduce high abortion rates and maternal mortality. The social sector priorities are: 1) to prevent trafficking in persons (TIP) and protect victims from re-trafficking; 2) to provide family-care options for orphans and vulnerable children; and 3) to implement a three-pillar pension system.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Prevent and Control Infectious Diseases of Major Importance (\$763,000 FSA). USAID will promote the adoption of the Directly Observed Treatment Short Course (DOTS) strategy as the national policy through the high-level Tuberculosis Policy Group of national and international experts. It will expand local implementation of DOTS to three additional regions: Kharkiv, Kyiv, and Volyn. Principal grantees: World Health Organization (WHO), the U.S. Centers for Disease Control and Prevention (CDC), Program for Appropriate Technologies for Health (PATH) (all prime).

Improve Maternal Health and Nutrition (\$1,335,000 FSA). The assistance program will continue to promote evidence-based medical practices in areas such as delivery, breastfeeding, infection control, and post-partum/post-abortion family planning counseling. Principal contractors: John Snow Inc. (JSI) (prime), Academy for Educational Development (AED) (sub).

Reduce Unintended Pregnancies and Improve Healthy Reproductive Behavior (\$1,831,000 FSA, \$436,000 FSA carryover). USAID will assist the Ministry of Health (MOH) to formulate the next five-year National Reproductive Health Plan. A new project seeks to reduce existing high abortion rates by improving service provider knowledge and skills, client knowledge and attitudes, and the availability of affordable contraceptives. Principal contractor: Futures Group International (prime).

Improve Child Survival, Health and Nutrition (\$20,000 FSA, \$354,000 FSA carryover, \$301,000 FSA prior year recoveries). USAID will conduct a baseline analysis of existing services for vulnerable children and their families, establish community-based family care working groups, and give grants to local NGOs to strengthen or pilot family care initiatives in two regions (Kyiv and TBD). USAID will support the completion of a flour-fortification pilot to prevent birth defects and a new pilot electronic childhood immunization registry. Principal grantees: Altarum (prime), Holt International Children's Services (prime), the University of South Alabama (prime), Program for Appropriate Technologies for Health (PATH) (sub).

Reduce Trafficking in Persons (\$534,000 FSA). USAID will support Ukrainian non-governmental, faith-based, and community-based organizations nationwide to: ensure that 90% of Ukrainians are aware of trafficking in persons; 600 victims of trafficking receive assistance; and the number of re-trafficked victims is less than 3%. Research will assess the actual numbers of individuals trafficked. Principal grantee: International Organization for Migration (prime).

Protect and Enhance the Assets and Livelihoods of the Poor during Periods of Stress (\$1,221,000 FSA, \$389,000 FSA carryover). USAID activities to empower women between the ages of 18 and 40 will help them to secure employment or to start their own businesses. The project will support 15 local

organizations to deliver job-seeking and vocational skills, and job placement support to young women. It will also provide grants to local NGOs for training and support to women entrepreneurs. Principal grantee: to be determined (TBD).

Strengthen the Financial Sector's Contribution to Economic Growth (\$621,000 FSA carryover). USAID will support implementation of a three-pillar pension system through legislative reform and capacity building of the Pension Fund and the State Commission for the Regulation of the Financial Services Markets intended to analyze policy, monitor delivery of public and private pensions, and implement systems to prevent fraud and corruption. Principal contractor: Planning and Development Collaborative International Inc. (PADCO) (prime).

**FY 2006 Program:** Prevent and Control Infectious Diseases of Major Importance (\$1,000,000 FSA). USAID will continue supporting the high-level Tuberculosis Policy Group and efforts to roll-out essential DOTS in four selected regions, Donetsk, Kharkiv, Kyiv, and Volyn. Principal grantees: same as above.

Improve Maternal Health and Nutrition (\$1,225,000 FSA). Health facilities participating in the Maternal and Infant Health project will be certified as 'baby-friendly' by the United Nations Children's Fund (UNICEF). International standards and guidelines will be adopted in training curricula and official policies. Principal contractors: same as above.

Reduce Unintended Pregnancies and Improve Healthy Reproductive Behavior (\$2,250,000 FSA). The program will introduce health providers to a broad mix of modern contraceptives and carry out communication campaigns to promote the use of modern contraceptives. Principal contractor: same as above.

Reduce Trafficking in Persons (\$1,225,000 FSA). As the role of non-governmental, faith-based and community-based organizations is strengthened, USAID will expand its efforts to motivate women and children from 12 to 25 years of age to protect themselves from TIP, as well as extend assistance to nearly 700 victims. USAID will provide support to national and local authorities to convene regular coordination meetings and prepare strategic plans. Principal grantee: IOM (prime).

Protect and Enhance the Assets and Livelihoods of the Poor During Periods of Stress (\$1,600,000 FSA). USAID will continue empowering women with job-seeking and vocational skills, expand entrepreneurship training, and increase access to finance through credit unions and other micro-finance institutions. Principal contractor: TBD.

**Performance and Results:** In FY 2004 coverage of DOTS in the pilot region increased from 80 to 100%, with regional TB case-detection rates improved from 40 to 52%. The JSI evidence-based training of medical personnel in Donetsk resulted in: a drop in caesarean sections from 18 to 11% of deliveries; an average daily weight increase among newborns of seven grams; and the virtual elimination of hypothermia among newborns. Of the 44,000 women assisted, more than 5,000 women found new jobs (11%), more than 4,700 women and girls entered re-qualification or continuing education programs (10%), and more than 300 trafficking victims received assistance. The new State Commission for the Regulation of Financial Services Markets issued the first licenses for 26 private pension funds. Entrepreneurship training enabled 30 percent of graduates to launch businesses and 20% to find employment.

## US Financing in Thousands of Dollars

**Ukraine**

121-0325 Social Protection and Health	<b>CSH</b>	<b>FSA</b>
<b>Through September 30, 2003</b>		
Obligations	0	8,587
Expenditures	0	686
Unliquidated	0	7,901
<b>Fiscal Year 2004</b>		
Obligations	1,750	9,968
Expenditures	0	8,178
<b>Through September 30, 2004</b>		
Obligations	1,750	18,555
Expenditures	0	8,864
Unliquidated	1,750	9,691
<b>Prior Year Unobligated Funds</b>		
Obligations	0	2,101
<b>Planned Fiscal Year 2005 NOA</b>		
Obligations	0	5,704
<b>Total Planned Fiscal Year 2005</b>		
Obligations	0	7,805
<b>Proposed Fiscal Year 2006 NOA</b>		
Obligations	0	7,300
Future Obligations	0	0
Est. Total Cost	1,750	33,660

## Data Sheet

<b>USAID Mission:</b>	Ukraine
<b>Program Title:</b>	Program Support Initiatives
<b>Pillar:</b>	Democracy, Conflict and Humanitarian Assistance
<b>Strategic Objective:</b>	121-0427
<b>Status:</b>	Program Support Objective
<b>Planned FY 2005 Obligation:</b>	\$1,950,000 FSA
<b>Prior Year Unobligated:</b>	\$2,000,000 FSA
<b>Proposed FY 2006 Obligation:</b>	\$3,500,000 FSA
<b>Year of Initial Obligation:</b>	2003
<b>Estimated Year of Final Obligation:</b>	2007

**Summary:** USAID/Ukraine will continue to implement selected activities that support multiple objectives.

### Inputs, Outputs, Activities:

**FY 2005 Program:** Community Exchanges/Connections Program (\$750,000 FSA, \$2,000,000 FSA carryover). As part of the overall participant training program, USAID will conduct the Community Exchanges/Connections program (CECP). The broad public diplomacy goal of the CECP is to contribute to economic and democratic reform and to promote mutual understanding in Eurasia through exposure to U.S. society and contacts with Americans. Approximately 500 men and women entrepreneurs, local government officials, legal professionals, non-governmental organizational leaders, and other professionals from Ukraine will attend a three to five week training program in the U.S. tailored to their professional or business interests. Principal contractor/grantee: to be determined (TBD).

Program Development and Support (\$1,200,000 FSA). Funds support the design and monitoring of the program across strategic objectives and for the payment of program-related technical staff, overhead and administrative services for the Mission.

**FY 2006 Program:** Community Exchanges/Connections Program (\$1,500,000 FSA). This program will emphasize human capital development and institutional strengthening to advance USAID strategic objectives. A total of 1,000 men and women are expected to receive training. Principal contractor/grantee: to be determined (TBD).

Program Development and Support (\$2,000,000 FSA). Funds will support the design and monitoring of the program across strategic objectives and for the payment of program-related technical staff, overhead and administrative services for the Mission.

**Performance and Results:** In FY 2004 the Participant Training Program (PTP) provided technical assistance and training to Ukrainian leaders and professionals to equip them with skills and tools needed to guide their country's transition to a free market economy and democratic governance. The achievements of former PTP participants contributed to economic, democratic, and social advances in Ukraine in FY 2004. The PTP expired at the end of FY 2004 and is being replaced by the new Community Connections program.

USAID promoted transfer of Polish experience in economic and democratic reform to Ukraine, and enhanced Ukraine's ties with Europe and the Euro-Atlantic community through the Poland-America-Ukraine Cooperative Initiative (PAUCI). During FY 2004, PAUCI grantees contributed to the development of new regulations and laws, the translation of several laws with cross-border impact, and the start-up of many new business enterprises.

## US Financing in Thousands of Dollars

Ukraine

121-0427 Program Support Initiatives	<b>FSA</b>
<b>Through September 30, 2003</b>	
Obligations	3,286
Expenditures	1,165
Unliquidated	2,121
<b>Fiscal Year 2004</b>	
Obligations	3,072
Expenditures	2,047
<b>Through September 30, 2004</b>	
Obligations	6,358
Expenditures	3,212
Unliquidated	3,146
<b>Prior Year Unobligated Funds</b>	
Obligations	2,000
<b>Planned Fiscal Year 2005 NOA</b>	
Obligations	1,950
<b>Total Planned Fiscal Year 2005</b>	
Obligations	3,950
<b>Proposed Fiscal Year 2006 NOA</b>	
Obligations	3,500
Future Obligations	0
Est. Total Cost	13,808